

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L STATE 040634

EXDIS

E.O. 11652: GDS

TAGS: MILN, EAIR, CA

SUBJECT: CANADIAN AMBASSADOR CALLS ON LRPA ISSUE

1. CANADIAN AMBASSADOR WARREN CALLED ON ACTING SECRETARY FEBRUARY 19 TO STRESS CANADIAN CONCERN OVER FUTURE OF PROSPECTIVE PURCHASE OF 18 P-3 LONG-RANGE PATROL AIRCRAFT FROM LOCKHEED IN VIEW OF CURRENT LOCKHEED FINANCIAL DIFFICULTIES AND OTHER PROBLEMS SURROUNDING ISSUE ESPECIALLY NEED FOR INTERIM FINANCING TO START-UP CONTRACT.

2. STRESSING THAT GOC WANTS TO GO AHEAD WITH LONG-DELAYED PURCHASE OF LRPA AND THAT CANADA BELIEVES IT IN INTERESTS OF BOTH COUNTRIES THAT LOCKHEED SALE GO THROUGH, WARREN SAID THAT GOC WOULD LIKE ASSISTANCE OF U.S. IN OBTAINING FOLLOWING:

A) SOME TYPE OF GUARANTEE THAT LOCKHEED WOULD BE ABLE TO PERFORM CANADIAN CONTRACT.

B) SOME ASSURANCE THAT OFFSET PACKAGE WORKED OUT WITH
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LOCKHEED WOULD BE GENERALLY PRESERVED.

C) SOME SOLUTION TO PROBLEM OF INTERIM FINANCING TO START-UP LOCKHEED CONTRACT BECAUSE OF UNAVAILABILITY OF FUNDS IN CURRENT GOC DEFENSE BUDGET.

3. TO HELP ACHIEVE OBJECTIVE OF GOC PURCHASE OF LRPA, WARREN SAID THAT HIGH-LEVEL TEAM COMPOSED OF THREE OR FOUR ASSISTANT DEPUTY MINISTERS WOULD LIKE TO COME TO WASHINGTON AS EARLY AS MONDAY, FEBRUARY 23 TO DISCUSS CANADIAN PROBLEMS WITH APPROPRIATE U.S. OFFICIALS.

4. IN RESPONSE TO WARREN'S PRESENTATION, ACTING SECRETARY NOTED THAT U.S. NOT ABLE TO GUARANTEE PERFORMANCE OF A PRIVATE CORPORATION SUCH AS LOCKHEED. ALTHOUGH HE WAS NOT SURE HOW U.S. COULD BE HELPFUL IN THIS MATTER, HE SAID THAT IN PRINCIPLE U.S. OFFICIALS WOULD, OF COURSE, BE WILLING TO MEET WITH CANADIAN OFFICIALS AND DISCUSS PROBLEM BUT WAS NOT SURE THAT MEETING COULD BE ARRANGED AS EARLY AS FEBRUARY 23. WARREN NOTED THAT PARTICULAR REASON FOR HASTE WAS NEED TO GET GOC CABINET DECISION IN NEXT WEEK OR SO. ACTING SECRETARY PROMISED THAT DEPARTMENT WOULD BE BACK IN TOUCH WITH EMBASSY AS SOON AS POSSIBLE TO CONFIRM AVAILABILITY OF APPROPRIATE U.S. OFFICIALS.

5. IN CONCLUSION, AMBASSADOR WARREN EMPHASIZED GOC DESIRE TO AVOID ANY PUBLICITY ABOUT VISIT OF GOC OFFICIALS AND THAT GOC WAS NOT INFORMING LOCKHEED.

6. COMPOSITION OF CANADIAN TEAM LIKELY TO BE DND ASSISTANT DEPUTY MINISTER BLACK, EXTAFF ASSISTANT DEPUTY MINISTER GOLDSCHLAG, FINANCE ASSISTANT DEPUTY MINISTER YOUNG, SUPPLY AND SERVICES ASSISTANT DEPUTY MINISTER ALLAN, AND GENERAL ALLAN AND MR. STOPFORTH OF LRPA PROJECT OFFICE. INGERSOLL

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